Forward Looking Statements

Certain statements in this presentation are forward-looking statements. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by AGT at the time of preparation, may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled “Risk Factors” in the Annual Information Form of AGT dated March 24, 2016 which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.
International Pulse Trade Trends

Peter Wilson
CEO - AGT Foods Australia
Chairman - Pulse Australia
AGT Food and Ingredients Highlights

Company Overview

- Global leader in pulse, staple food and food ingredient processing and distribution
- Merchandising offices and value-added processing facilities in Australia, Canada, USA, Turkey, India, China & South Africa
- Australia operations commenced in 2007
- European sales offices
- Russian origination office
- Global customer base
- Global HQ: Regina, SK, Canada

Global Company & Brands
Rural Renaissance

“a future in which agriculture provides societal solutions to energy supplies, health promotion and climate change.”

“whatever producers and processors do, they must be done in innovative ways that resonate with their customers.”
Key future drivers

- Future development in the Pulse/Food Ingredient space
- Global Issues
  - Supply chain integrity
  - Government intervention
  - Geopolitical instability and conflict
  - Market transparency and price discovery
- Domestic Issues
  - Industry focus
  - Food Service growth
  - Opportunities to flow from International Year of Pulses
# Factors Driving Global Demand

## Benefits of Pulses
- Pulses are a **sustainable** source of protein
- GMO-free, gluten-free, low allergen, major source of protein and fibre, which developing nations particularly rely on vegetable sources for their protein and energy requirements
- Lower energy use, reduced greenhouse gas emissions, improved soil health through rotational cropping, increased water use efficiency and COST EFFECTIVE!

## Emergence of the Middle Class
- Overall food output to increase due to population growth, urbanization and income growth
- Middle class may increase from 1.8 billion to 3.2 billion by 2020 and to 4.9 billion by 2030 - with 85% of this growth coming from Asia.
- Global spending by the middle class may grow from $21 trillion today to **$56 trillion** by 2030

## Health and Wellness Trend
- Consumer movement towards healthy lifestyles in non-traditional markets
- Pulses offer many benefits for nutrition, health and chronic disease prevention
- As a result, there has been increased interest from food companies in using pulses in product formulations, for cost, characteristic, allergen, GMO-free and other reasons

## Alternative Fuels & Sustainability
- Pulses production globally is at all time highs from multiple origins
- Pulses are a rotational crop for cereals and canola which are used in ethanol and biodiesel production
- Pulses lower the carbon footprint and support the sustainability efforts of processors, food companies and meet the demand of consumers for sustainably produced products

Source: UN FAO; OECD
2016 United Nations Int’l year of Pulses

• **Year of the Pulse**
  – The UN’s IYP is supported by GPC and Industry, Government and related industr Associations from many pulse producing nations including Australia, Canada, US and Turkey
  – AGT Foods has been a major sponsor of Pulse Australia/Pulse Canada/US Dry Pea and Lentil programs related to IYP 2016
  – The social media campaign will replicate the focus of the media relations program on the core messages/themes outlined in the IYP Message Map:
    - Food – quality, taste, versatility
    - Nutrition and health
    - Sustainability
  – Launch of events on Jan 6 was with 141 events in 36 countries generating 21 million social media impressions

• **4 thematic areas and Australia’s involvement.**
  – Georgie Aley, CEO AIFST and Pulse Australia Board Member, chairs the International ‘Creating Awareness’ theme as well as being the chair of the Australian Steering Committee.
  – Pulse Australia has participated heavily in the global ‘Market Access and Stability’ and ‘Productivity and Environmental Sustainability’ theme committees
  – Michelle Broom, Nutrition Program Manager at the Grains & Legumes Nutrition Council, is a member of the global ‘Food and Nutrition Security and Innovation’ theme.

- Implementation
  - Projects launched in the areas of **branding**, school programs, recipes, and market access
  - Fifteen external partners have been recruited to work on the year, from major science centres, health institutes, academia to farm groups.
  - 30 national committees have begun activities in every continent

- What’s in it for the Australian Pulse Industry?
  - Greater promotion and **awareness** of pulses for human consumption.
  - Greater investment interest in further value addition for domestic and export demand.
  - Better **asset utilisation** – margin improvement
  - More options for farmers as **liquidity** improves
  - Opportunities for greater industry and research **collaboration**

- What’s in it for the Australian Grains Industry?
  - More **sustainable** industry – lighter carbon footprint.
  - Future model for grains industry **integration** and supply chain **efficiency**.
  - Opportunity for grain and pulse food product collaboration
Pulses – Enhance Everyday Foods

Traditional Formulation:
6% Wheat Crumbs
Reformulated:
6% Lentil Flour

✓ 60% Increase in Protein
✓ 50% Increase in Fibre
✓ 50% Reduction in Fat
✓ Enhanced Texture

Traditional Formulation:
100% Durum Semolina Pasta
Reformulated: Pulse Inclusion
25% Lentil, 75% Durum

✓ 25% lower carbon footprint
✓ 100% increase in fibre
✓ 25% increase in protein

Adapted from: Gan et al. 2011. Unpublished results, Agriculture and Agri-Food Canada;
Pulses & Sustainable Agriculture

**Plant Fixing Nitrogen**
- Pulses produce their own fertilizer by utilizing nitrogen fixing soil bacteria that live inside their root systems.
- Pulses improve fertility of soil for other crops grown in rotation.

**Lower Energy Requirement**
- Pulses use less non-renewable energy relative to other crops.
- 70% of the non-renewable energy used in cropping systems in western Canada is attributable to fertilizers.

**Increased Water Use Efficiency**
- 43 gallons of water required to produce one pound of pulses.
- 1,857 gallons of water required to produce one pound of beef.

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![Graph showing greenhouse gas and energy comparison between different crops](image)

**Graph Legend**
- **BEEF**: 1,857 gallons/lbs
- **PORK**: 756 gallons/lbs
- **CHICKEN**: 469 gallons/lbs
- **PULSES**: 43 gallons/lbs

Source: Hoekstra and Chapagain, Globalization of Water, U. of Twente, Waterfootprint.org National Geographic, April 2010
Factors Influencing Pulse Demand

- Nutrition
- Health
- Change in Consumers
- Sustainability

Food Manufacturers → Food Service → Consumers

AGT Foods
Pulses and Food Trends

• Protein has a positive image with consumers
• Vegetarian diets growing with vegetable proteins replacing proteins derived from other sources.
• Rise in allergy to certain foods and ingredients
• Consumers demanding more proteins for a variety of reasons: diet, sports
  • nutrition, muscle, satiety, weight loss, etc.

• Non-GMO, Gluten-Free, Vegetarian and Sustainably sourced ingredients continue to gain traction.
• High proteins claims are now common on food products.
• Ingredients derived from vegetables grew by 103% from 2010-2014
• Protein derived from vegetables grew by 61% from 2010-2014.

Source: Ingredion Inc.
Sustainability Meets Consumer Demand

Consumers

1,262 food and beverage products introduced in 2011 that specifically referenced sustainability product descriptions, up substantially from the 132 products introduced five years earlier

Consumers demonstrate they want and will pay for products that they view as sustainably produced and that they perceive as good for them

Target – 97% of its customers buy some products that are natural, organic or sustainable in other ways

Wal-Mart – 42% of its customers bought some organic or “natural” goods in 2011 and that 91 percent would consider such products

Retailers

Wal-Mart: #1 in the World and U.S.
- Locally sourced products
- Support 3rd world farmers
- Track pesticides, fertilizer and water use

Carrefour (France): #2 in the World
- Carbon legislation
- Social welfare

Tesco (UK): #3 in the World
- Carbon labeled products

Loblaws (Canada): #24 in the World
- Initiatives to reduce carbon footprint and source locally and sustainably

Food Companies

Hershey - Sustainability milestones centered on – environment, sustainability, consumer, social, people

PepsiCo - Sustainable Farming Initiative to measure and report on enviro/econ impact to improve on it

Unilever - Source 100% of agricultural products sustainably by 2020

Heinz - 20% reduction in carbon emissions by 2015

General Mills – 4 step model to sustainable sourcing commitments for its 10 priority ingredients,

Source: Ceres and Sustainalytics, Gaining Ground report; Company reports; Mintel; Agriculture Canada
### Investment in Ingredient Platform

<table>
<thead>
<tr>
<th>Minot ND Production Facility</th>
<th>Saskatoon SK R&amp;D Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Minot ND Production Facility Image" /></td>
<td><img src="image2.png" alt="Saskatoon SK R&amp;D Centre Image" /></td>
</tr>
</tbody>
</table>

- Pulse ingredient production facility for the production of pulses flour, starch, protein and fibre for human food and petfood applications
- Processes for milling (fine and coarse), separation, de-flavouring, sterilization and packaging
- Investment in research and development key component to capturing customer sales opportunities
- Work to develop new applications/uses for pulse ingredients through collaborative research, commercialization & innovation initiatives and technology development
- Important to assist customers convert test quantities to sales quantities
Pulse Ingredients - How Are They Produced?

**Whole Pulses**
- Whole Pulse Flour

**Split Pulses**
- Pulse Flour
- Pulse Bran

**Pulse Fraction**
- Pulse Protein
- High Viscosity Pulse Flour
Food Ingredient Platform

• AGT has developed a business producing and supplying pulse ingredient flour, starch, protein and fibre for human food, petfood, acquaculture and industrial uses

• Food companies reacting to customer demand for natural, non-GMO, gluten-free, high protein and fibre products and ingredients that are not soy or corn

• Leverages AGT strengths in origination and processing infrastructure and marketing and sales partners in the area
Food Ingredients Changing the Category

• General Mills, Kellogg’s and Post have all recently announced intentions to replace GMO ingredients, including soy and corn, in some of their products

• Demand for alternative flours, including pulse flours, estimated to outpace more traditional wheat flours throughout the food and beverage industry
  – Forecast to grow almost 4x faster than wheat flours and ahead of other cereals and potato flour between 2012 and 2017 in North America and Europe in the sweet and savory snacks applications category

• Gluten-free foods expected to have sales of > $6.6 billion by 2017

• ~18 million Americans have non-celiac gluten sensitivity in addition to the 3 million Americans that suffer from celiac disease

• The global ingredient protein market is expected to reach $28.9 billion by 2020, with plant protein expected to continue accounting for the majority of the protein ingredient market.

Source: Canadian Institute of Food Science and Technology; Packaged Facts; Euromonitor; National Foundation for Celiac Awareness; Health Canada; Grand View Research
### Pulse Ingredient Product Launches

**74% Growth between 2010-2014**

<table>
<thead>
<tr>
<th>Year</th>
<th>Launches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2275</td>
</tr>
<tr>
<td>2011</td>
<td>2097</td>
</tr>
<tr>
<td>2012</td>
<td>2824</td>
</tr>
<tr>
<td>2013</td>
<td>3213</td>
</tr>
<tr>
<td>2014</td>
<td>3956</td>
</tr>
</tbody>
</table>

**Top categories:**
- Bakery, Meals, Snacks, Processed Fish/Meat/Egg, Soup, Dogfood, Meal Replacements

Source: Innova Market Insights January 2015 (US & Canada)
Pulses – Not just commodities

- It’s about **profit** stupid!
- **Protein** is a key driver of agricultural markets
- **Food safety** – non negotiable
- Impact reaching far outside Agri-Food:
  - Health sector
  - Energy sector
  - Environment sector
  - Ethnic Taste revolution sector
  - Food Aid sector
  - Economy overall
Why is pulse area increasing everywhere?

<table>
<thead>
<tr>
<th>Wheat SND</th>
<th>2010</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Supply</td>
<td>647</td>
<td>743</td>
</tr>
<tr>
<td>World Demand</td>
<td>663</td>
<td>732</td>
</tr>
<tr>
<td>Stocks</td>
<td>181</td>
<td>253</td>
</tr>
<tr>
<td>Stocks to use</td>
<td>27%</td>
<td>35%</td>
</tr>
</tbody>
</table>
Relative Australian Pulse Area, Production and Value

![Diagram showing the relative Australian Pulse Area, Production and Value from 2006 to 2016.]
The smoking gun of desi chickpea demand
Indian Pulse Production, Consumption and Gap

![Graph showing Indian pulse production, consumption, and gap from 2005-06 to 2016-17.](image-url)

- Production
- Consumption
- Gap

The graph illustrates the trend of Indian pulse production, consumption, and the gap between them from the financial years 2005-06 to 2016-17. The data indicates a steady increase in production and consumption over the years, with a persistent gap between the two.
Top 10 Export Destinations for Australian Pulses

Destination Country

- India
- Bangladesh
- Egypt
- Pakistan
- Sri Lanka
- United Arab Emirates
- Saudi Arabia
- Malaysia
- United Kingdom
- Indonesia

Sum of Quantity (tonnes) - 2005 - 2009
Sum of Quantity (tonnes) - 2010 - 2014
Sum of Quantity (tonnes) - 2015 - Feb 2016
Sum of Value (FOB) (plain $!) - 2005 - 2009
Sum of Value (FOB) (plain $!) - 2010 - 2014
Sum of Value (FOB) (plain $!) - 2015 - Feb 2016
Pulse Exports from Australia Over Time

Sum of Quantity (tonnes) - 2005 - 2009
Sum of Quantity (tonnes) - 2010 - 2014
Sum of Quantity (tonnes) - Nov15 - Oct16
Sum of Value (FOB) (plain $!) - 2005 - 2009
Sum of Value (FOB) (plain $!) - 2010 - 2014
Sum of Value (FOB) (plain $!) - Nov15 - Oct16

Pulse Commodity
- Chickpeas
- Beans
- Lentil
- Field Peas
- Mungbean
- Lupins

MT

AUD Value

- $0
- $500,000,000
- $1,000,000,000
- $1,500,000,000
- $2,000,000,000
- $2,500,000,000

Chickpeas
Beans
Lentil
Field Peas
Mungbean
Lupins

AGT FOODS
Challenges and opportunities for Australian Ag Sector

- Australia is fully dependent on export markets
- Market access is an ongoing priority for the pulse industry
  - Bilateral free trade agreements
    - China – faba beans/lupins
  - Sanitary/phytosanitary issues and other non-tariff trade barriers
- Differentiate and capture market and sales opportunities over competing origins, processors, traders.
- Primary vs. Secondary processing – Balance between the two. Need to up value some products and efficiently ship others
Our Customers
Also Our Customers!
Conclusions

• **Turbulence**, conflict and **volatility** the “new normal”
• Opportunities as focus moves up the value-chain to **food**, food ingredients, fibre, feed and fuel as well as packaged and retail products. **Australia** has the **opportunity** to become a major regional supplier
• Global markets are deep with need for **quality**, **secure** and **stable** food supplies
  – But not without major horsepower applied to trade and **market** maintenance; and **access**.
• Initial **investment** follows an idea, sustained investment in this sector follows **supply** and **demand confidence**.
• **Australia** needs to harness the legacy benefits of the **Mining Boom** as it migrates to the sustainable benefits of the **Dining Boom**
AGT Food Australia

( TSX: AGT )

www.agtfoods.com/au